

CITY OF FRANKLIN
Balance Sheet
Governmental Funds
December 31, 2004

	General	Debt Service	Non Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 6,586,549	\$ 83,448	\$ 8,526,381	\$ 15,196,378
Receivables				
Accounts receivable	781,361	43,118	73,826	898,305
Taxes receivable	12,329,203	2,823,520	2,340,882	17,493,605
Special assessments receivable	-	2,191,269	1,048,216	3,239,485
Due from other funds	17,113	-	102,000	119,113
Due from other governments	129,305	-	53,914	183,219
Prepaid items	17,647	-	9,067	26,714
Inventories	11,281	-	-	11,281
TOTAL ASSETS	\$ 19,872,459	\$ 5,141,355	\$ 12,154,286	\$ 37,168,100
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 585,441	\$ -	\$ 997,401	\$ 1,582,842
Accrued liabilities	511,617	-	22,731	534,348
Due to other funds	63,053	-	-	63,053
Due to other governments	59,844	-	-	59,844
Special deposits	26,180	-	-	26,180
Deferred revenue	12,343,486	5,014,789	3,389,098	20,747,373
Total Liabilities	13,589,621	5,014,789	4,409,230	23,013,640
FUND BALANCES				
Reserved for:				
Inventories and prepaid items	28,928	-	-	28,928
Encumbrances	103,000	-	16,000	119,000
Subsequent years expenditures	-	-	208,274	208,274
Subsequent years debt service	-	126,566	-	126,566
Emergency medical services	-	-	11,261	11,261
Utility improvements	-	-	765,805	765,805
Development	-	-	2,743,066	2,743,066
Donations & grants	-	-	136,283	136,283
Unreserved reported in:				
General Fund	6,150,910	-	-	6,150,910
Special Revenue Funds	-	-	184,079	184,079
Capital Project Funds	-	-	3,680,288	3,680,288
Total fund balances	6,282,838	126,566	7,745,056	14,154,460
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,872,459	\$ 5,141,355	\$ 12,154,286	\$ 37,168,100
Total fund balances of governmental funds				\$ 14,154,460
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in government funds are not financial resources and are not reported in the funds.				35,200,666
Internal service fund balance				(52,290)
Other long-term assets that are not available to pay for current period expenditures and are deferred in the funds.				3,804,886
Long-term liabilities, including long-term debt, are not due and payable in the current period and are not reported in the funds.				(26,292,010)
Net assets of governmental activities				\$ 26,815,712

See accompanying notes to the financial statements

CITY OF FRANKLIN
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2004

	General	Debt Service	Non Major Governmental Funds	Total Governmental Funds
REVENUE				
Taxes	\$ 11,711,134	\$ 2,410,211	\$ 2,062,500	\$ 16,183,845
Intergovernmental revenue	2,641,983	-	423,526	3,065,509
Licenses and permits	1,258,457	-	-	1,258,457
Fines, forfeitures and penalties	397,169	-	-	397,169
Public charges for services	1,607,075	456,909	-	2,063,984
Special assessments	-	500,409	3,287,518	3,787,927
Intergovernmental charges for services	575,009	-	-	575,009
Investment earnings	177,420	183,037	134,733	495,190
Miscellaneous revenue	136,127	-	311,865	447,992
Total Revenue	<u>18,504,374</u>	<u>3,550,566</u>	<u>6,220,142</u>	<u>28,275,082</u>
EXPENDITURES				
Current				
General government	2,262,025	-	-	2,262,025
Public safety	12,102,357	-	6,750	12,109,107
Public works	3,580,392	-	-	3,580,392
Health and human services	468,087	-	63,335	531,422
Culture, recreation and education	134,440	-	1,001,382	1,135,822
Conservation and development	374,864	-	3,352	378,216
Capital outlay	-	-	2,248,893	2,248,893
Debt service				
Principal	-	4,000,000	-	4,000,000
Interest	-	1,311,211	-	1,311,211
Total Expenditures	<u>18,922,165</u>	<u>5,311,211</u>	<u>3,323,712</u>	<u>27,557,088</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(417,791)	(1,760,645)	2,896,430	717,994
OTHER FINANCING SOURCES (USES)				
Transfers in	634,462	337,199	2,301,978	3,273,639
Transfers out	<u>(40,073)</u>	<u>(22,026)</u>	<u>(4,845,185)</u>	<u>(4,907,284)</u>
Net change in fund balances	176,598	(1,445,472)	353,223	(915,651)
Fund balances - beginning	<u>6,106,240</u>	<u>1,572,038</u>	<u>7,391,833</u>	<u>15,070,111</u>
Fund balances - ending	<u>\$ 6,282,838</u>	<u>\$ 126,566</u>	<u>\$ 7,745,056</u>	<u>\$ 14,154,460</u>

See accompanying notes to the financial statements.

CITY OF FRANKLIN
Reconciliation of the Statement of Revenue
Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Year Ended December 31, 2004

Net change in fund balances - total governmental funds	\$ (915,651)
--	--------------

Amounts reported for governmental activities in the statement of activities (page 25) are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$1,709,556) exceeded depreciation (\$1,404,394) in the current period, plus gain on disposal (\$5,808)	310,970
---	---------

Contributed capital assets are reported as revenues in the statement of activities	6,371,199
--	-----------

The issuance of long-term debt (e.g. notes, leases) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes current financial resources of government funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of differences in the treatment of long term debt.	4,000,000
--	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the government funds	307
---	-----

Revenue in the statement of activities not providing current financial resources are not reported as revenue in the funds	1,060,383
---	-----------

Revenue in the government funds that provides current financial resources but has been previously reported as revenue in the statement of activities	(1,175,364)
--	-------------

Internal service fund change in net assets	(97,434)
--	----------

Net change in net assets of governmental activities	<u>\$ 9,554,410</u>
--	----------------------------

See accompanying notes to the financial statements.

CITY OF FRANKLIN
General Fund
Statement of Revenue, Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary basis)
Year Ended December 31, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget - Favorable (Unfavorable)</u>
REVENUE				
Taxes	\$ 12,341,900	\$ 12,341,900	\$ 12,345,596	\$ 3,696
Intergovernmental revenue	2,658,900	2,658,900	2,641,983	(16,917)
Licenses and permits	943,150	943,150	1,258,457	315,307
Fines, forfeitures and penalties	450,000	450,000	397,169	(52,831)
Public charges for services	1,440,650	1,441,650	1,607,075	165,425
Intergovernmental charges for services	623,000	623,000	575,009	(47,991)
Investment earnings	342,500	342,500	177,420	(165,080)
Miscellaneous revenue	134,200	134,200	136,127	1,927
Total Revenue	<u>18,934,300</u>	<u>18,935,300</u>	<u>19,138,836</u>	<u>203,536</u>
EXPENDITURES				
Current				
General government	2,945,257	2,918,057	2,266,525	651,532
Public safety	11,989,474	12,016,474	12,102,357	(85,883)
Public works	3,579,911	3,579,911	3,580,392	(481)
Health and human services	499,368	499,368	468,087	31,281
Culture and recreation	142,952	144,152	134,440	9,712
Conservation and development	497,338	497,338	473,364	23,974
Total Expenditures	<u>19,654,300</u>	<u>19,655,300</u>	<u>19,025,165</u>	<u>630,135</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(720,000)	(720,000)	113,671	833,671
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(60,000)</u>	<u>(60,000)</u>	<u>(40,073)</u>	<u>19,927</u>
Net change in fund balance - budgetary basis	(780,000)	(780,000)	73,598	853,598
Adjustments to generally accepted accounting principles basis				
2004 encumbrances	<u>103,000</u>	<u>103,000</u>	<u>103,000</u>	<u>-</u>
Net change in fund balance - generally accepted accounting principles basis	(677,000)	(677,000)	176,598	853,598
Fund Balances - beginning	<u>6,106,240</u>	<u>6,106,240</u>	<u>6,106,240</u>	<u>-</u>
Fund Balances - ending	<u>\$ 5,429,240</u>	<u>\$ 5,429,240</u>	<u>\$ 6,282,838</u>	<u>\$ 853,598</u>

See accompanying notes to the financial statements.

CITY OF FRANKLIN
Statement of Net Assets
Proprietary Funds
December 31, 2004
(with comparative information for the year ended December 31, 2003)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year	Current Year Totals	
ASSETS						
Current assets:						
Cash and investments	\$ 746,633	\$ 761,009	\$ 845,286	\$ 954,083	\$ 1,591,919	\$ 209,172
Receivables:						
Accounts receivable	892,644	623,547	449,069	434,928	1,341,713	133,505
Taxes receivable	95,448	68,895	54,903	34,366	150,351	-
Due from other funds	113,905	163,865	53,977	51,901	167,882	-
Total current assets	<u>1,848,630</u>	<u>1,617,316</u>	<u>1,403,235</u>	<u>1,475,278</u>	<u>3,251,865</u>	<u>342,677</u>
Noncurrent assets:						
Restricted cash and investments	-	-	132,035	118,986	132,035	-
Total restricted assets	<u>-</u>	<u>-</u>	<u>132,035</u>	<u>118,986</u>	<u>132,035</u>	<u>-</u>
Capital assets:						
Land	115,465	115,465	310,919	310,919	426,384	-
Buildings and improvements	724,880	724,880	1,621,073	524,030	2,345,953	-
Improvements other than buildings	43,335,501	32,124,982	47,805,220	42,884,545	91,140,721	-
Machinery and equipment	1,360,057	1,262,467	513,776	467,279	1,873,833	-
Less accumulated depreciation	<u>(6,856,617)</u>	<u>(4,961,978)</u>	<u>(7,528,144)</u>	<u>(7,028,200)</u>	<u>(14,384,761)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>38,679,286</u>	<u>29,265,816</u>	<u>42,722,844</u>	<u>37,158,573</u>	<u>81,402,130</u>	<u>-</u>
Total noncurrent assets	<u>38,679,286</u>	<u>29,265,816</u>	<u>42,854,879</u>	<u>37,277,559</u>	<u>81,534,165</u>	<u>-</u>
Total assets	<u>\$ 40,527,916</u>	<u>\$ 30,883,132</u>	<u>\$ 44,258,114</u>	<u>\$ 38,752,837</u>	<u>\$ 84,786,030</u>	<u>\$ 342,677</u>

Continued

CITY OF FRANKLIN
Statement of Net Assets
Proprietary Funds
December 31, 2004
(with comparative information for the year ended December 31, 2003)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year	Current Year Totals	
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 483,034	\$ 351,701	\$ 317,850	\$ 259,411	\$ 800,884	\$ 32,223
Accrued liabilities	391	11,237	23,400	24,624	23,791	359,500
Due to other governments	102,368	-	-	-	102,368	-
Due to other funds	173,089	79,338	50,853	40,609	223,942	-
Special deposits	500	200	-	-	500	3,244
Current portion of compensated absences	17,238	13,500	17,238	13,500	34,476	-
Total current liabilities	<u>776,620</u>	<u>455,976</u>	<u>409,341</u>	<u>338,144</u>	<u>1,185,961</u>	<u>394,967</u>
Non-current liabilities:						
Accrued compensated absences	22,553	22,627	22,553	22,626	45,106	-
Total non-current liabilities	<u>22,553</u>	<u>22,627</u>	<u>22,553</u>	<u>22,626</u>	<u>45,106</u>	<u>-</u>
Total liabilities	<u>799,173</u>	<u>478,603</u>	<u>431,894</u>	<u>360,770</u>	<u>1,231,067</u>	<u>394,967</u>
NET ASSETS						
Invested in capital assets	38,679,286	29,265,816	42,722,844	37,158,573	81,402,130	-
Restricted for:						
Sewer equipment replacement	-	-	132,035	118,986	132,035	-
Unrestricted (deficit)	<u>1,049,457</u>	<u>1,138,713</u>	<u>971,341</u>	<u>1,114,508</u>	<u>2,020,798</u>	<u>(52,290)</u>
Total net assets	<u>\$ 39,728,743</u>	<u>\$ 30,404,529</u>	<u>\$ 43,826,220</u>	<u>\$ 38,392,067</u>	<u>\$ 83,554,963</u>	<u>\$ (52,290)</u>

See accompanying notes to the financial statements.

CITY OF FRANKLIN
Statement of Revenue, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2004
(with comparative information for the year ended December 31, 2003)

	Business-type Activities - Enterprise Funds				Current Year Totals	Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year		
OPERATING REVENUE						
Metered sales						
Residential	\$ 1,251,511	\$ 1,421,365	\$ 909,607	\$ 900,788	\$ 2,161,118	\$ -
Commercial	619,272	664,720	351,574	355,806	970,846	-
Public authority	195,966	224,901	96,502	104,696	292,468	-
Industrial	195,477	177,859	143,149	138,067	338,626	-
Total Metered Sales	2,262,226	2,488,845	1,500,832	1,499,357	3,763,058	-
Group health & dental charges	-	-	-	-	-	2,365,903
Public fire protection service	451,488	510,247	-	-	451,488	-
Private fire protection service	65,975	79,030	-	-	65,975	-
Forfeited discounts, penalties and other	31,041	20,002	14,252	9,630	45,293	-
Total Operating revenue	2,810,730	3,098,124	1,515,084	1,508,987	4,325,814	2,365,903
OPERATING EXPENSES						
Cost of sales and services	1,589,789	1,617,113	1,439,584	1,385,069	3,029,373	2,468,091
Depreciation	578,708	569,940	541,105	478,593	1,119,813	-
Administration	403,823	323,815	163,227	168,674	567,050	-
Total operating expenses	2,572,320	2,510,868	2,143,916	2,032,336	4,716,236	2,468,091
Operating income (loss)	238,410	587,256	(628,832)	(523,349)	(390,422)	(102,188)
NON-OPERATING REVENUE (EXPENSES)						
Investment earnings	8,892	6,949	9,563	11,450	18,455	4,754
Sundry	60,203	43,108	5,355	10,666	65,558	-
Interest expense	-	(13,024)	-	-	-	-
Amortization of debt discount	-	(4,817)	-	-	-	-
Total non-operating revenue (expenses)	69,095	32,216	14,918	22,116	84,013	4,754
Income (loss) before capital contributions and transfers	307,505	619,472	(613,914)	(501,233)	(306,409)	(97,434)
Capital Contributions	9,514,855	1,454,149	3,916,276	1,838,654	13,431,131	-
Transfers In	131,665	1,328,759	2,136,442	717,612	2,268,107	-
Transfers out	(629,811)	(455,715)	(4,651)	(6,785)	(634,462)	-
Change in net assets	9,324,214	2,946,665	5,434,153	2,048,248	14,758,367	(97,434)
Net assets - beginning	30,404,529	27,457,864	38,392,067	36,343,819	68,796,596	45,144
Net assets - ending	\$ 39,728,743	\$ 30,404,529	\$ 43,826,220	\$ 38,392,067	\$ 83,554,963	\$ (52,290)

See accompanying notes to the financial statements

CITY OF FRANKLIN
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2004
(with comparative information for the year ended December 31, 2003)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year	Current Year Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 2,366,816	\$ 2,980,870	\$ 1,485,761	\$ 1,443,010	\$ 3,852,577	\$ 2,309,508
Receipts for interfund services provided	217,856	232,866	-	-	217,856	-
Payments to suppliers	(1,181,532)	(1,726,328)	(1,116,238)	(1,134,981)	(2,297,770)	(2,405,783)
Payments to employees	(362,251)	(330,965)	(347,615)	(298,815)	(709,866)	-
Payments for interfund services used	(79,300)	(77,400)	(79,300)	(77,400)	(158,600)	-
Net cash flows provided by operating activities	961,589	1,079,043	(57,392)	(68,186)	904,197	(96,275)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer out - paid for tax equivalent	(633,039)	(460,475)	(1,423)	(2,025)	(634,462)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(351,818)	(174,186)	(46,497)	(43,724)	(398,315)	-
Interest paid	-	(26,048)	-	-	-	-
Principal paid on long-term debt	-	(940,000)	-	-	-	-
Net cash flows used in capital and related financing activities	(351,818)	(1,140,234)	(46,497)	(43,724)	(398,315)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment earnings	8,892	6,951	9,564	11,450	18,456	4,754
Net increase (decrease) in cash and cash equivalents	(14,376)	(514,715)	(95,748)	(102,485)	(110,124)	(91,521)
Cash and cash equivalents - Beginning	761,009	1,275,724	1,073,069	1,175,554	1,834,078	300,693
Cash and cash equivalents - Ending	\$ 746,633	\$ 761,009	\$ 977,321	\$ 1,073,069	\$ 1,723,954	\$ 209,172
Cash and Investments - Unrestricted	\$ 746,633	\$ 761,009	\$ 845,286	\$ 954,083	\$ 1,591,919	\$ 209,172
Cash and Investments - Restricted	-	-	132,035	118,986	132,035	-
	\$ 746,633	\$ 761,009	\$ 977,321	\$ 1,073,069	\$ 1,723,954	\$ 209,172

See accompanying notes to the financial statements.

Continued

CITY OF FRANKLIN
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2004
(with comparative information for the year ended December 31, 2003)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year	Current Year Totals	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 238,410	\$ 587,256	\$ (628,832)	\$ (523,349)	\$ (390,422)	\$ (102,188)
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities						
Depreciation	578,708	569,940	541,105	478,593	1,119,813	-
Depreciation allocated to other accounts	6,161	6,241	(6,161)	-	-	-
Other non operating income	63,431	47,868	2,127	5,906	65,558	-
(Increase) decrease in assets						
Accounts receivable	(269,097)	61,504	(14,141)	(98,182)	(283,238)	(56,395)
Taxes receivable	(26,553)	-	(20,537)	26,299	(47,090)	-
Prepaid expense	-	2,448	-	-	-	-
Due from other funds	49,960	(75,644)	(2,076)	32,310	47,884	-
Increase (decrease) in liabilities						
Accounts payable	131,333	(118,758)	58,439	(22,921)	189,772	(2,692)
Accrued liabilities	(10,846)	10,845	(1,224)	11,863	(12,070)	65,000
Due to other governments	102,368	-	-	-	102,368	-
Due to other funds	94,051	(15,037)	10,244	18,916	104,295	-
Customer Deposits	-	-	-	-	-	-
Compensated Absences	3,663	2,380	3,664	2,379	7,327	-
Total Adjustments	723,179	491,787	571,440	455,163	1,294,619	5,913
Net cash flows provided by (used in) operating activities	\$ 961,589	\$ 1,079,043	\$ (57,392)	\$ (68,186)	\$ 904,197	\$ (96,275)
Noncash Capital Activities:						
Cost of Utility plant installed and/or financed by external parties	\$ 9,514,855	\$ 1,413,303	\$ 3,916,276	\$ 1,836,946	\$ 13,431,131	\$ -

See accompanying notes to the financial statements

CITY OF FRANKLIN
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2004

ASSETS	<u>Agency Funds</u>
Cash, cash equivalents and investments	\$ 39,590,355
Receivables	
Taxes receivable	13,057,893
Accounts receivable	<u>41,168</u>
Total assets	<u>52,689,416</u>
 LIABILITIES	
Accounts payable	131,036
Due to component unit	2,925,386
Due other governments	49,622,044
Special deposits	<u>10,950</u>
Total liabilities	<u>52,689,416</u>
 Total net assets	 <u>\$ -</u>

See accompanying notes to the financial statements.